

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Reserve

MINIMUM STANDARDS FOR LAND DEVELOPMENT.

A General. The Bankhead-Jones Farm Tenant Act requires that the Government's security be adequately protected and that waste and exhaustion of farms be prevented. In order to comply with these requirements and safeguard the interests of borrowers, approved practices of land development and soil conservation must be carried out on all FO farms. Funds needed for such purposes will be included in loans to FO borrowers. FO loans should not include funds for those standard practices of soil conservation and soil improvement which properly belong to the year-to-year operation of the farm. These recurring annual expenditures should be financed by the borrower with his personal funds or with the proceeds of other types of loans. Since minimum standards for land development are not subject to rigid definition, good judgment is required in interpreting and applying such standards to local conditions and individual circumstances.

B Minimum Standards Defined:

1. PREVENTION OF EROSION. Measures to prevent erosion will be taken in all cases where there is danger of wearing away of soil or loss of fertility from wind or water erosion. Land subject to damage by water erosion will be terraced or contoured, provided with grass waterways and diversion ditches, or otherwise improved as needed in accordance with approved conservation practices. Rolling crop land which does not lend itself to terracing or contouring and on which erosion is occurring should be returned to meadow or pasture or forest. Soil binding crops, including trees will be planted where most effective in controlling erosion.

2. BASIC SOIL TREATMENT. In cases where the need for basic soil treatment is definitely established, such treatments as the application of lime, phosphate and potash will be made under conditions where profitable response has been demonstrated in practice. Proper distinction will be made between basic soil treatments as a part of permanent soil building program and annual applications of fertilizers for seasonal crop production. Provision will be made for conservation and proper use of farm manures and green manure crops.

3. PERMANENT PASTURES. Permanent pastures will be established where needed as a part of the farm economy. They will be improved by seeding, fertilizing fencing for rotation or deferred grazing, removing brush, weeds and so forth, when essential to the effective operations of the farm.

4. PERMANENT FORAGE OR HAY CROPS. Permanent forage or hay crops adapted to the area must be established on farms where such crops are essential to soil building and conservation. Funds for such crops will be included to the extent practicable in the initial loan. This does not apply to crops which are seeded annually or which are part of the normal crop rotation of the farm.

5. DRAINAGE. In cases where drainage is necessary for economic and effective use of land, such drainage will be provided. Either drain, tile or open ditches may be used whichever is the most practicable and satisfactory method of providing proper drainage. In developing such plans consideration must be given to local and state drainage regulations.

6. IRRIGATION. In cases where irrigation development on individual farms is necessary for successful operation of the farm, plans will be made and funds provided for such development. It is important that consideration be given to making plans and providing funds for placing existing installations in good working condition as a prerequisite to loan approval. Leveling and grading when essential will also be included.

JUL 29 1945

7. WATER FOR LIVESTOCK. Livestock watering facilities must be provided to the extent necessary to insure successful operation of livestock enterprises.

8. FARM LAYOUT AND FENCES. Fields will be arranged to facilitate the most economical and convenient operation of the farm and most practicable use of the land. In the construction of fences consideration will be given to the protection of gardens, desirable arrangement of farmsteads and the contour of the land. Permanent interior fences should not be constructed until careful analysis of farm organization has determined the best location of fields with relation to each other and to non-portable buildings.

9. WEED ERADICATION. Measures to prevent and eradicate noxious weeds will be taken where economically feasible and practicable.

10. HOME ORCHARDS. Where practicable, home orchards of locally adapted fruits and berries should be encouraged. Family orchards should, in general, be limited to the number and variety of trees required to meet demands for home consumption. Borrowers should be willing and able to provide the necessary care to insure reasonable success.

11. LAND CLEARING. In cases where clearing of land is necessary to round out an economic, family-type farm for an FO borrower it will be completed as quickly as possible to avoid undue delay in obtaining maximum production. Land clearing may include such operations as removal of trees, stumps, brush, stones, old orchard trees and the like.

12. REFORESTATION. The planting of trees for timber, poles, fence posts and similar purposes, including field and farmstead wind-breaks and the improvement of timber stands will be encouraged where such development materially strengthens the farm economy and offers an important source of future income.

13. LANDSCAPING. Planting of grounds, including shade trees, lawn grass and shrubbery, to make the surroundings of the dwelling attractive and homelike in appearance will be encouraged with emphasis on the use of native materials and participation by the borrower and his family in such development.

C REGIONAL ADDITIONS. The minimum standards set forth under I B above may be further added to by regional directors to meet local conditions.

D COOPERATION WITH OTHER AGENCIES. Representatives of the Soil Conservation Service, State Colleges of Agriculture and other qualified agencies may be called upon for general advice and information relative to farm organization, farm development and the conservation of farm resources.

II MINIMUM STANDARDS FOR CONSTRUCTION

A General. The welfare of the borrowers, broad general benefits to be gained by the ownership of family-type farms, and the security of the loans made require that certain minimum standards be established with respect to structures on farms purchased, enlarged or developed with FO loans. These minimum standards, listed below, must be interpreted in each case with judgment. Emphasis upon the letter rather than the spirit of a certain requirement may do more harm than good. Concessions that involve compromising the whole principle of standards must on the other hand be avoided.

B Funds should not be expended to repair old dilapidated structures that will be short lived and unsatisfactory after they have been repaired. Such structures should be demolished and, if they serve a purpose essential to the successful operation of the farm, they should be replaced by a new structure. On the other hand, structures having several years of usefulness should not be destroyed.

C Minimum Standards Defined:

1. Windows and doors will be in good repair and properly screened, and will be in sufficient number to provide adequate light and ventilation.
2. Privies must meet State Health Department approval in design and location.
3. The water supply shall come from wells, springs or cisterns, should be constant, and shall be uncontaminated from surface seepage. Wells and springs shall be located to avoid pollution from barns and outdoor toilets. Wells shall have concrete slab covers with sanitary type pumps properly installed. Cisterns must be kept clean and tightly covered. Springs must be protected from contamination.
4. Foundations must be adequate and sound, and floors in good condition.
5. Roofs must be water-tight. Exterior walls of wood should in general be protected by paint or other preservative. This may not be practical, however, in case of old structures with very rough exterior finish or in the case of temporary buildings.
6. Chimneys must be so constructed and in such repair that they are not fire hazards. New chimneys should be built from the ground up with clay tile or other suitable lining. Old chimneys should be examined thoroughly. They should be well braced when not built to the ground, the mortar joints should be tight, and no frame should be built into the chimney.
7. Sleeping quarters should be adequate to meet family needs.
8. Walls and woodwork should be clean, and in good repair.
9. Ceiling must be not less than seven feet four inches high for all new dwellings, and in cases of remodeling this standard should be met insofar as practicable.
10. Kitchens in both new and remodeled houses should be adequately lighted and ventilated, properly equipped with sinks, cupboards, drawers and an adequate amount of working surface to meet the requirements of the particular family.
11. Steps leading into the house, upstairs and into the cellar must be made safe and firm. The upstairs and cellar steps, especially, should be protected by handrails.
12. There should be adequate provision for storing food, clothing, utensils, tools, produce and so forth.
13. There should be adequate shelter for poultry and livestock.

D The above requirements may be further added to by regional directors in order to meet local need.

III ACCEPTANCE OF MINIMUM STANDARDS BY APPLICANTS

A When it develops in the course of negotiations with an applicant that he is not in accord with the minimum standards of farm development established by the Farm Security Administration in furtherance of the provisions of the Bankhead Jones Farm Tenant Act the remedy is not to force him to accept such standards against his will. On the contrary, the remedy is to refrain from making him a loan. Every effort should be made to remove all question of doubt as to the applicants attitude toward FSA minimum standards before the final commitment is made with respect to his loan.

DEVELOPING FO FARMS

I GENERAL

A "FARM DEVELOPMENT" includes "Construction and land development" and is synonymous with "Improvement" as used in other FSA Instructions.

B "LAND DEVELOPMENT" as hereinafter used will include such items as fencing, clearing, terracing, draining and irrigating systems, development of permanent pasture, woodlots, and orchards; applications of soil amendments, and applications of fertilizers not normally applied annually.

C "CONSTRUCTION" as hereinafter used will include the erection, alteration or repair of any building or structure, or additions thereto, as well as the installation or repair of, or additions to electric, domestic and stock water, or sewage disposal systems.

D "IMMEDIATELY ESSENTIAL DEVELOPMENT" refers to farm development which is necessary during the first 15 months after the borrower occupies his farm:

- (1) To assure healthful living conditions for the family, and
- (2) To make at least an efficient farm plant for the production of commodities set forth in the annual plan, and
- (3) To protect existing property from excessive depreciation.

E "DEFERRED DEVELOPMENT" refers to farm development that has been planned at the time of the original loan to be postponed beyond the first 15 months because of an acute shortage of labor, materials, or by official orders limiting construction.

Deferred Development will be considered "Immediate" at the time loan funds for deferred items have been received by the borrower.

F FSA's Policy Regarding Deferred Construction and Land Development

1. Construction and Land Development will be deferred only as long as necessary because of shortage of labor or materials or because of official orders limiting construction. Prudence is required in estimating the length of deferment, keeping in mind that all planned farm development should be completed as soon as practical after the loan is closed. No planned construction or land development which is immediately essential will be deferred.

2. All original FO loan dockets will contain complete plans and cost

estimates for meeting at least minimum construction and land development standards, i.e., immediately essential items plus any deferred items shall result in full compliance with minimum development standards.

II RESPONSIBILITIES FOR PLANNING FARM DEVELOPMENT

A Responsibilities of the Selected Applicant:

1. The selected applicant and his wife, in consultation with the FSA supervisor and associate FSA supervisor (HM) will decide the nature and extent of the development work necessary to carry out the annual long-time farm and home plans and to meet minimum development standards. This will involve a decision as to the kind and type of construction necessary to meet family needs, livestock and storage requirements, as well as the kind and extent of land development required.

2. Where new buildings are required he will choose a set of plans which meet his needs. Standard FSA building plans will be made available to him. Minor modifications may be made in such cases to meet individual circumstances, but FSA cannot undertake to furnish complete special plans for new buildings to meet the needs and desires of each applicant. The applicant may furnish at his own expense complete plans and specifications approved by the Assistant Regional Director, FO, or the Regional FO Chief, and the regional engineer.

3. He will agree to complete all construction and land development work in accordance with an itemized Farm Development Plan, Form FSA 643, accompanying each approved FO loan, or in accordance with such revisions of the plan as may be mutually agreed upon in accordance with Section XI of this instruction.

B Responsibilities of the Supervisor:

1. The supervisor will be responsible for arranging all meetings of the applicant and his wife and FSA personnel. It is desirable that all FSA personnel involved in the development planning make the visit to the farm together. If this cannot be arranged the fewest possible number of visits should be scheduled consistent with sound planning.

2. The supervisor will be responsible for conducting the planning meeting on the farm. He will bring before the applicant and his wife such factual information as they may require to determine the development plan best suited to their needs, and the best methods of accomplishing the work.

3. The supervisor will make sure that all plans for farm and home development are clearly understood by the applicant; that the applicant is in complete agreement with such plans; and that he thoroughly understands about the use of controlled bank account, periodic inspections, budget limitations, records and receipts, and the manner in which plans may be changed, if necessary.

C Responsibilities of the Engineer:

1. The engineer will render technical advice to selected applicants and supervisors and will furnish necessary cost estimates, plans and specifications.

2. If funds are insufficient to do contemplated development work he will, if practical, suggest alternative plans, which come within the limits of funds available.

III

METHODS OF CONSTRUCTION AND LAND DEVELOPMENT

A Work Done by the Borrower or Under His Direction:

1. Generally, the borrower will be expected to do the farm development work which he is qualified to do and which he can do without interfering with efficient farm operations.
2. New house and barn construction and other structures requiring similar skills and expenditures may be done by the borrower or under his direction only when a careful analysis of his farm and home plan reveals that he can carry on his farming operations and complete the construction within the established time limit, and when he possesses the necessary desire, skill, technical knowledge and managerial ability to satisfactorily complete the work. The loan approving office and engineer will indicate by signing Form FSA 643 designating this method of construction that these conditions are met.
3. Where a borrower assumes responsibility for construction and land development, he may purchase the materials and do the work; he may purchase the materials and hire labor to do the work under his immediate direction; or he may hire a person to furnish materials and/or necessary equipment and labor to do work under his immediate direction.
4. Immediately essential construction and land development done by the borrower, or under his direction, will be completed as soon as practical and not later than fifteen months after he occupies his farm as owner.

B Work Done by Contract

1. Except for work to be accomplished by the borrower, or under his immediate direction, all farm development will be done by qualified contractor

NOTE: "Contract" as hereinafter used refers to a formal contract, where standard contract Form FSA-LE-296 is used.

2. Immediately essential construction and land development done under contract will be completed as soon as practical and not later than one year after the borrower occupies his farm as owner.

IV

TIME OF STARTING CONSTRUCTION AND LAND DEVELOPMENT

A All farm development will be started as soon as practical after the loan is closed. (See FSA Instruction 632.1 XIII G for "Closed" loan). However, the applicant may without use of FO loan funds, with the consent of the Vendor and in the absence of any prohibitions in the option, carry on certain farming operations and land development work, such as plowing, clearing, draining or other similar jobs at any time after the option has been accepted. Where such work is planned, a one year lease should be executed between the borrower and the owner or a compensation agreement should be incorporated into the option, if possible, as a protection to the borrower if the loan, for any reason, cannot later be made.

B Before making commitments or starting any farm development called for in the farm development plan, the supervisor and borrower should be reasonably sure that the item can be completed according to plans and specifications, and within funds available.

V

WARTIME RESTRICTIONS

A REQUESTS FOR EXCEPTIONS TO WPB CONSERVATION ORDER L-41

1. General

- (a) Where the cost of "construction" (as defined in Order L-41) exceeds the construction limitation set forth in Conservation Order L-41, as amended, permission to begin construction must be secured from the War Production Board.

Form WPB-617 is used to apply for permission to construct and is filed with the county agricultural conservation committee having jurisdiction over the site.

- (b) As soon as the county agricultural conservation committee has signified its willingness to recommend that construction be authorized the application Form WPB-617 may be prepared but will not be submitted before the loan is closed.
- (c) It will be the responsibility of the regional engineer to apprise field personnel of WPB limitations and interpretations, WFA requirements, and any amendments or additions thereto.

2. Preparation of Form WPB-617

- (a) The engineer will assist the borrower to prepare this form. He will furnish the necessary information regarding plans, specifications, manpower requirements, estimates and breakdown of materials on hand as required by WPB, and in consultation with the supervisor and borrower will prepare the agricultural justification.

B "FARMER'S LUMBER CERTIFICATE", FORM FL-201

1. General

- (a) "Farmer's Lumber Certificate" is a certified order with an AA-2 rating or AA-3 rating which authorizes the farmer to purchase lumber for "on-farm" construction, (as defined by Order) maintenance and repair of buildings within the limitations of WPB Order L-41.
- (b) The farmer makes application for a Farmer's Lumber Certificate on Form FL-200 at the county agricultural conservation office, and receives FL-201, "Farmer's Lumber Certificate", upon approval of application.
- (c) Form FL-201 must be delivered to the farmer's lumber supplier within ten days, otherwise the Certificate becomes automatically void.

V B

2. Preparation of Form FL-200

- (a) The FSA county supervisor will assist the borrower, if necessary to complete and submit to the county agricultural conservation committee Form FL-200. Where technical assistance is necessary, the supervisor will obtain the services of the engineer

VI

PREPARATION OF DOCUMENTS

A Form FSA-643, "Farm Development Plan"

1. When Farm Development is involved, the engineer will be responsible for completing Form 643, "Farm Development Plan". He will consult with the supervisor and the borrower regarding all development work and they will agree upon the various jobs to be done and the methods of completing the work. The engineer and supervisor will further take into consideration recommendations in the appraiser's narrative report; the requirements of the annual and long-time Farm and Home Plans; the financial condition and desires of the borrower; the contribution to net income the proposed development will make; labor efficiency; minimum health standards; and other pertinent factors applicable to the case.

2. The engineer will estimate the cost of providing the planned development items at the lowest practical sum taking into consideration the appraiser's estimate of the cost of land development, FO minimum standards and the most efficient use of available labor and materials. No alterations or deletions may be made in the engineer's cost estimates without approval of the engineer or regional engineer.

3. An original and four copies of Form-643, "Farm Development Plan", will be prepared. The original and first copy will be signed by the borrower, supervisor, engineer and district supervisor. Distribution of copies will be as follows: Original copy placed in original loan docket; first copy to borrower; second copy for borrower's county office docket; third copy to engineer; and fourth copy to be placed in the borrower's field folder.

4. Preparation of Part I, Form FSA-643

(a) Column (1), Type of Development: Indicate the nature of the construction and land development. Example: House, (plan number) 315:11; lime terracing, etc. Planned development items requiring no cash expenditures will be listed, but spaces opposite in Columns (3) and (6) will be left blank. Structures to be salvaged or moved will also be listed and appropriately identified. List Immediately Essential items in the order in which they are planned to be accomplished, that is, list first, job to be done first, etc.

(b) Column (2), Method of Work: Indicate by the letter B, work to be done by, or under the direct supervision of the borrower. Indicate by the letter C, work to be done by contract.

VI A 4

(c) Column (3), Immediately Essential Development

- (1) Indicate in Column 3 the cost of each item, or any portion thereof, which is necessary within the first 15 months (1) to assure healthful living conditions for the family; (2) to make at least an efficient farm plant for the production of commodities set forth in the annual plan and (3) to protect existing property from excessive depreciation. Current prices will be used in computing these costs. "Current Prices" means those obtaining generally at usual sources of supply. Strictly local situations out of line with generally prevailing conditions should be disregarded.
- (2) In view of the fact that wartime conditions often cause difficulty in securing skilled labor and materials, certain items, such as existing structures with little remaining useful life may be made usable as temporary facilities by the expenditure of small sums of money. The cost of rehabilitating these structures will be no more than is necessary to safeguard the health of the family or livestock or provide adequate temporary storage, and maintain them until the deferred replacement item (Col. 6) is completed.
- (d) Columns (4) and (7) New or Repair: Indicate by the letter N, if a new development item is planned. Indicate by the letter R, if Repair is planned.
- (e) Columns (5) and (8) Borrower Work-Days Required: Indicate the estimated number of days of work the borrower must contribute to each development item. If the borrower exchanges work with a neighbor then the work days required will be the necessary time on his own farm plus the work days required to repay his neighbor.
- (f) Column (6) Deferred Development Cost: Indicate the cost of all construction and land development which is to be deferred. Immediately Essential items (Col. 3) plus Deferred Development items Column (6) must at least result in full compliance with minimum standards. Current prices will be used as a base for estimating costs.
- (g) Total Estimated Cash Cost of Development: Insert on this line the sum of columns (3) and (6) respectively.

5. Farm Development Analysis, FSA-643

Line 1, 2 and 3. Dwelling, Other Construction, Land Development. Break down the "Total Estimated Cash Cost of Development" in Column (3) into cost of Dwelling, cost of Other Construction and cost of Land Development. Insert these figures on lines 1, 2 and 3, Col. (3), respectively. Do the same for "Total Estimated Cash Cost of Development" in Column (6) and insert the figures on their respective lines 1, 2 and 3.

VI A 5

Line 4. Option Price. Insert this cost in Column (3).

Line 5. Refinancing Costs. For FE and FD Loans insert this figure in Column (3).

Line 6. Borrower's Equity. For FE and FD loans insert in Column (3) the amount of Borrower's Equity as shown on Form FSA-493.

Line 7. Fees. Insert the Estimated Cost in Column (3) also insert the estimated cost of a subsequent title examination and recordation of a subsequent mortgage at the time obligated loan funds are advanced for deferred development on Line 7, Column (6).

Line 8. Total. Insert the sum of the items 1-7 immediately above in each column.

Line 9. Amount paid by the borrower \$. Insert this figure in Column (3). For FE and FD loans add to this figure the Borrower's Equity shown on line 6 above. If the borrower intends to pay for fees in connection with deferred development from sources other than loan funds, insert the estimated cost in line 9, column (6).

Line 10. Amount of FO Loan. Line 10, Column (3) represents the amount of the original loan or the immediate advance. Line 10, Column (6) represents the estimated loan funds required to complete deferred development or the deferred advance.

Line 11. Reasonable Value of Farm Certified by County Committee. For TP and FE loans the figure to be inserted will be the same as that shown on Form FSA-491; for FD loans the same as shown on Form FSA-492.

6. "Preparation of Farm Development Plan - Part 2 FSA-643"

(a) FSA 643, Part 2, Narrative, will include the pertinent details regarding planned farm development. This narrative is to be developed for use by the borrower primarily. Statements therein should be concise, and easily understood by laymen. For each item listed in Column (1) Part I, there will be included a brief description of the nature of the work to be performed, where and by whom the work shall be accomplished, as well as the estimated number of work days to be furnished by the borrower. If special plans and specifications are to be furnished by the FSA, mention of this fact will be made under the appropriate item. If the narrative plan requires more space than that provided on the form, additional sheets are to be added and stapled securely to the top of the inside back sheet of the form.

B Preparation of Original Loan Documents Where Deferred Construction is Involved.

1. Note and Voucher

(a) On the Note and Voucher the amount to be filled in will be the amount of the loan computed on the basis of Immediately Essential Development, i.e., "Amount of Loan", Line 10 Col. (3), FSA-643.

2. County Committee Certification, Form FSA-491.

- (a) After the county committee has certified to "the reasonable value of the above land after contemplated improvements are made" as required in paragraph 6 of Form FSA 491, a comparison must be made to determine whether the cost of development shown on Form FSA 643 will cause the total investment to exceed the limits of the committee's certification. This certification by the committee as shown in paragraph 6 of Form FSA 491 constitutes a ceiling within which must come the total investment in the farm, including the purchase price of the land, the service fee, including fee for closing loans for deferred development, and the "Total Estimated Cash Cost of Development" immediate and deferred. In the case of FE and FD loans the total investment in the farm also includes the applicant's equity and refinancing costs.
- (b) In paragraph 8, where the cost of construction and land development is to be inserted, only the amount of the Immediately Essential development will be given (I.E., "Total Estimated Cash Cost of Development, Col. 3, FSA 643) and the word "IMMEDIATE" will be inserted prior to the word "cost". The following additional statement will be typed at the end of this paragraph: "Because of wartime restrictions \$ _____ worth of improvements contemplated in paragraph 6 above, are to be deferred but should be made as soon as possible. This amount is not included in paragraph 9 below." The amount to be inserted in the above clause corresponds with "Amt. of FO Loan" line 10, Col. (6) FSA 643.
- (c) In paragraph 9, where the recommended amount of the loan is to be inserted, the amount to be filled in will be the total of paragraph 7, minus any down payment plus the amount of Immediately Essential Development, i.e., "Amount of Loan" line 10, Col. (3) FSA 643.

3. Loan Agreement and Request for Funds, Form FSA 668

- (a) In order to obligate funds for future use by the borrower, an original and three copies of this form must be prepared in addition to those required in the regular loan docket. These copies will be marked "Deferred Advance" in the upper right hand corner opposite the words "United States Department of Agriculture".
- (b) The amount of the loan to be inserted in the last paragraph of Form FSA 668 (Deferred Advance) above applicant's signature will be the amount shown on Line 10, Col. 6, FSA 643. The original and one copy will go in the original loan docket, one copy will be inserted in the borrower's county office docket, and one copy will be given to the borrower.

4. Mortgage

- (a) The mortgage will be prepared in the same amount as the note and voucher referred to in paragraph B-1 above.

VII BUILDINGS TO BE SALVAGED OR MOVED

A The borrower, the supervisor and the engineer will agree as to what structures, if any, should be moved or salvaged. Such structures will be listed and appropriately identified in Column (1), Part I of Form FSA 643. Any net sale of structures will be applied as extra payment on the loan or to meet the cost of authorized development.

1. Structures that have been designated for salvage or removal off the farm may have sufficient wartime utility value to warrant their retention for the duration of the war. However, no structures to be salvaged or removed will be retained on the farm longer than is necessary for expeditious disposition without specific authority from the regional director.

2. The amount of planned loan funds to be expended on structures to be later salvaged or removed will be inserted in Column (3), FSA 643, opposite the name of the item in column (1).

VIII PURCHASING BUILDINGS FOR SALVAGE OR FOR MOVING TO FO UNITS

A Unless exception in individual cases is made by the regional director, FO loans shall not be approved which provide for the purchase of buildings located on outside tracts to be moved to FO farms. Such exceptions shall be granted by the regional director only upon condition that the buildings purchased are legally released from any liens or mortgages outstanding against the property on which they are located.

IX SUPERVISED BANK ACCOUNTS

A Funds for construction and land development included in the loan will be deposited in a supervised bank account, ready for use in carrying out the farm development plan in accordance with FSA Instruction 632.1 XIII B.

B Supervised bank accounts will be handled in accordance with FSA Instruction 458.2 (See "Payments" Section XIII of this Instruction)

X REVISIONS IN LOAN PURPOSES

A Form FSA 643 establishes three categories of development, namely, dwelling other construction and land development. Transfers of loan funds within these categories may be authorized by the FSA supervisor to the extent necessary to meet changes between estimates and the actual costs, provided that no planned item is omitted or basic changes made in the Farm and Home Plans upon which the loan was authorized. Transfers of loan funds between these categories to the extent necessary to meet changes between estimates and actual costs may also be authorized by the FSA supervisor, provided, that such transfers will not result in increasing or decreasing the funds of any category more than ten percent and provided, also, that no planned item is omitted or basic changes made in the Farm and Home Plans upon which the loan was authorized. Transfers of funds in the supervised account, either between or within categories, which are not within these limitations, must receive prior approval by district supervisors.

B Any unexpended balance left in the service fee item of the loan will be returned as a repayment on the loan. However, if it can be used to pay for some item of construction which is needed, it may be expended for that purpose.

X B Cont'd

For TP and FE loans the approval of the county FSA committee must be secured before this is done, since the additional improvements were not considered by the county FSA committee in its certification as required by the Act. The county FSA committee's approval may be indicated by an informal written statement, signed by members of the committee and placed in the county office file.

XI CHANGES IN THE FARM DEVELOPMENT PLAN

A General changes in the Farm Development Plan may be made at any time at the request of the borrower and with the consent of an FSA official authorized to approve the change.

1. All changes in the approved Farm Development Plan will be authorized in writing. "Request for Development Changes" Form FSA_____ will be used where the borrower method of development is involved. "Contract Change Order", Form FSA_____ will be used where the contract method is involved.

2. All planned construction and land development will be financed with FO loan funds and no change which contemplates the use of funds from other sources will be authorized.

B Persons Authorized to Approve Changes

1. The Assistant Regional Director, FO or the Regional FO Chief is authorized to approve changes requested by borrowers which involve the following:

(a) Extensions of time to complete work done under contract;

(b) Supplemental loans to complete development

2. The District Supervisor is authorized to approve changes requested by borrowers which involve the following:

(a) Extensions of time to complete work done by the borrower or under his direction

(b) Methods of development

(c) Omissions of planned development items found not to be necessary

(d) Basic changes in the farm and home plan upon which the loan was authorized

(e) Transferring loan funds within and between development categories exceeding the FSA supervisor's authority.

3. The FSA Supervisor is authorized to approve, at the request of borrowers, changes not requiring the approval of a regional official or district supervisor.

(a) Where changes in the Farm Development Plan involve technical engineering, the FSA supervisor will secure the engineer's recommendation before authorizing or recommending the change. If the

XI B Cont'd 3-(a)

work is done under contract the engineer's recommendation will be secured regardless of the nature of the change.

C Preparation of Form FSA____, "Request for Development Changes" and Form Form FSA____, "Contract Change Order".

1. The FSA Supervisor, desiring to approve a change under his authority will prepare in triplicate (five copies if a contractor is involved) "Request for Development Changes" (or "Contract Change Order"). The original and two copies of either form will be signed by the borrower as requesting the change. If the nature of the change requires the engineer's recommendation he will sign the three copies and if a contract is involved the contractor will sign as accepting the change. After the above required signatures have been obtained the supervisor will sign the three copies.

"Request for Development Changes" will be distributed as follows: Original copy to the borrower; one copy to the engineer and one copy to be placed in the borrower's county office docket.

"Contract Change Order" will be distributed as follows: Original to the borrower, one signed copy to the contractor; one signed copy to the regional office; one copy to the engineer; one copy to be placed in the borrower's county office docket.

2. A "Request for Development Changes" or "Contract Change Order" requiring the approval of the District Supervisor will be prepared and distributed by the FSA supervisor in accordance with paragraph C-1 above, plus an additional copy of the Contract Change Order for the District Supervisor, or two additional copies of the "Request for Development Changes", one being for the District Supervisor and the second for the regional office. The FSA supervisor will sign the original and two copies as recommending the change.

3. "Contract Change Orders" requiring approval of the assistant regional director FO or the regional FO Chief will be prepared and distributed by the FSA supervisor in accordance with paragraph C-1 above, except he will sign as recommending the change. The three signed copies will be transmitted to the regional office. Upon approval by the regional official two copies will be returned to the FSA supervisor for distribution.

4. "Request for Development Changes" requiring approval of the assistant regional director FO or the regional FO chief will be prepared in accordance with paragraph C-1 above, plus one unsigned copy for the engineer. The FSA supervisor will sign as recommending the change. The three signed copies will be transmitted to the regional office. Upon approval by the regional official two copies will be returned to the FSA supervisor for distribution, one copy going to the borrower, the other copy to be filed in the borrower's county office docket.

XII INSPECTIONS

A. Work Done by the Borrower

ORDER No. _____

UNITED STATES DEPARTMENT OF AGRICULTURE

DATE _____

CONTRACT CHANGE ORDER
FARM OWNERSHIP DIVISION

CONTRACT FOR _____ DATED _____

OWNER _____ COUNTY _____ STATE _____

TO: (CONTRACTOR)

YOU ARE HEREBY REQUESTED TO COMPLY WITH THE FOLLOWING CHANGES FROM THE CONTRACT PLANS AND SPECIFICATIONS.

[illegible]

JUSTIFICATION:

THE SUM OF \$ IS HEREBY (ADDED TO) (DEDUCTED FROM) THE TOTAL CONTRACT PRICE. THE TIME PROVIDED FOR COMPLETION IS (INCREASED) (DECREASED) BY WORKING DAYS (NOT CHANGED). THIS DOCUMENT SHALL BECOME A SUPPLEMENT TO THE CONTRACT AND ALL PROVISIONS OF THE CONTRACT WILL APPLY HERETO.

REQUESTED	OWNER	DATE

ACCEPTED _____ CONTRACTOR _____ DATE _____

RECOMMENDED	TITLE	DATE
-------------	-------	------

RECOMMENDED _____	TITLE _____	DATE _____
-------------------	-------------	------------

APPROVED _____ TITLE _____ DATE _____

CHANGE NO. _____

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SECURITY ADMINISTRATION

CASE NO. _____

REQUEST FOR DEVELOPMENT CHANGES
FARM OWNERSHIP DIVISION

TO: FARM SECURITY ADMINISTRATION:

DATE .

I, _____
NAME ADDRESS COUNTY

STATE REQUEST YOUR APPROVAL OF THE FOLLOWING PROPOSED CHANGES IN MY FARM DEVELOPMENT PLAN. THIS REQUEST IS IN COMPLIANCE WITH A PREVIOUS UNDERSTANDING THAT ALL REVISIONS OF THE PLAN ARE TO BE MUTUALLY AGREED UPON BY THE FARM SECURITY ADMINISTRATION AND ME.

SIGNED _____
BORROWER

[illegible]

JUSTIFICATION:

THE ABOVE DESCRIBED CHANGES ARE:

RECOMMENDED:

APPROVED: FARM SECURITY ADMINISTRATION

BY _____

[illegible][illegible][illegible]

TYPE: TP FE FD

FARM SECURITY ADMINISTRATION

CASE NO. _____

RACE _____

IF SUBDIVISION _____

FARM DEVELOPMENT PLAN

DATE _____

ACREAGE: _____

NAME OF TRACT: _____

UNIT TO BE PURCHASED _____

UNIT NO. _____

ORIGINAL UNIT (FE&FD) _____

PREPARED FOR: _____

BORROWER

COUNTY

STATE

PART I

ITEM NUMBER	TYPE OF DEVELOPMENT (1)	METHOD OF WORK (2)	FARM DEVELOPMENT NECESSARY TO MEET AT LEAST MINIMUM STANDARDS (ALL COST ESTIMATES ARE EXCLUSIVE OF BORROWER'S LABOR)					
			IMMEDIATELY ESSENTIAL DEVELOPMENT			DEFERRED DEVELOPMENT		
			COST AT PRESENT PRICES (3)	NEW OR RE-PAIR (4)	BORROWER WORK-DAYS REQUIRED (5)	COST AT PRESENT PRICES (6)	NEW OR RE-PAIR (7)	BORROWER WORK-DAYS REQUIRED (8)
			\$			\$		
TOTAL EST. CASH COST OF DEVELOPMENT			\$	XXXX	DAYS	\$	XXXX	DAYS
FARM DEVELOPMENT ANALYSIS:								
1 DWELLING			\$			\$		
2 OTHER CONSTRUCTION								
3 LAND DEVELOPMENT								
4 OPTION PRICE						XXXXX		
5 FE OR FD: REFINANCING COSTS						XXXXX		
6 FE OR FD: BORROWER'S EQUITY						XXXXX		
7 FEES								
8 TOTAL			\$			\$		
9 AM'T PAID BY BORROWER			\$					
FE OR FD: BORROWER'S EQUITY			\$					
10 AM'T OF FD LOAN (L 8 MINUS L 9)			\$			\$		

11 REASONABLE VALUE OF FARM CERTIFIED BY COUNTY COMMITTEE \$

12 TOTAL ESTIMATE INVESTMENT (L 8 COL. (3) PLUS L 8 COL. (6)). \$

Do not write in this space

NAME	ADDRESS	COUNTY
------	---------	--------

CASE NO.

PL 300

LOAN CLOSED 19

INSPECTOR:

CHECK BELOW STRUCTURAL PARTS ON WHICH WORK NEEDS TO BE DONE

[illegible]

STATE DATE

IN THIS COLUMN LIST THE STRUCTURE, OR THAT FUNCTIONAL PART OF THE STRUCTURE ON WHICH WORK NEEDS TO BE DONE.

EX: BARN;
KITCHEN, ETC.

REPLACING
REPAINTING
SPOT-REPAIRING
LEVELLING
PAINT: WHITEWASH
CLEANING
GRADING-DRAINING

CHIMNEY
YARD; WALKS

WINDERS;
SCREENS;
DOORS;
INSIDE WALLS;
CELLINGS;
FLOORS

STEPS: RA
SPROUTING
LA

WALLS
ROOFING
CUTTING

OUTSIDE

FRAMING:
D PERS
CTIONS;
-NOI

FOUNDATIONS

CHECK IF OK:
WATER SYSTEM

SEWAGE DISPOSAL () NEEDS:

ROAD: LANES () NEEDS:

IRRIGATION SYSTEM () NEEDS:

FENCES () NEED:

GATES () NEED:

S. C. S. PLAN MADE: YES NO

SOIL CONSERVATION AND IMPROVEMENT

S. C. S. PLAN MADE: YES NO

PRACTICE	PERFORMANCE TO DATE	YET NEEDED; LOCATION
CONTOURING	ACRES	
BUFFER STRIPS	RODS	
STRIP CROPPING	ACRES	
TERRACING	RODS	

PRACTICE	PERFORMANCE TO DATE	YET NEEDED; LOCATION
GRASS () WATERWAYS	RODS	
PERMANENT GRASS	ACRES	
() TREE PLANTING	ACRES	
FERTILIZER	ACRES	

PRACTICE	PERFORMANCE TO DATE	ACRES	YET NEEDED; LOCATION
LIME		ACRES	
LEGUME SEEDING		ACRES	
PASTURE IMPROVEMENT		ACRES	
DRAINAGE		ACRES	

FARM DEVELOPMENT PLAN

Part II Narrative

Page I

Do not write in this space

CASE NO. _____

NAME

WAR FOOD ADMINISTRATION
FARM SECURITY ADMINISTRATION

TP	FE	FD	PL
1	1	1	1
2	1	1	1
3	1	1	1
4	1	1	1
5	1	1	1
6	1	1	1
7	1	1	1
8	1	1	1
9	1	1	1
10	1	1	1
11	1	1	1
12	1	1	1
13	1	1	1
14	1	1	1
15	1	1	1
16	1	1	1
17	1	1	1
18	1	1	1
19	1	1	1
20	1	1	1
21	1	1	1
22	1	1	1
23	1	1	1
24	1	1	1
25	1	1	1
26	1	1	1
27	1	1	1
28	1	1	1
29	1	1	1
30	1	1	1
31	1	1	1
32	1	1	1
33	1	1	1
34	1	1	1
35	1	1	1
36	1	1	1
37	1	1	1
38	1	1	1
39	1	1	1
40	1	1	1
41	1	1	1
42	1	1	1
43	1	1	1
44	1	1	1
45	1	1	1
46	1	1	1
47	1	1	1
48	1	1	1
49	1	1	1
50	1	1	1
51	1	1	1
52	1	1	1
53	1	1	1
54	1	1	1
55	1	1	1
56	1	1	1
57	1	1	1
58	1	1	1
59	1	1	1
60	1	1	1
61	1	1	1
62	1	1	1
63	1	1	1
64	1	1	1
65	1	1	1
66	1	1	1
67	1	1	1
68	1	1	1
69	1	1	1
70	1	1	1
71	1	1	1
72	1	1	1
73	1	1	1
74	1	1	1
75	1	1	1
76	1	1	1
77	1	1	1
78	1	1	1
79	1	1	1
80	1	1	1
81	1	1	1
82	1	1	1
83	1	1	1
84	1	1	1
85	1	1	1
86	1	1	1
87	1	1	1
88	1	1	1
89	1	1	1
90	1	1	1
91	1	1	1
92	1	1	1
93	1	1	1
94	1	1	1
95	1	1	1
96	1	1	1
97	1	1	1
98	1	1	1
99	1	1	1
100	1	1	1

ADDRESS

ANNUAL INSPECTION CHECK-SHEET

LOAN CLOSED 19

COUNTY

INSPECTOR:

STATE

DATE _____

IN THIS COLUMN LIST THE
STRUCTURE, OR THAT FUNCTION-
AL PART OF THE STRUCTURE
ON WHICH WORK NEEDS TO
BE DONE.
EX: BARN;
KITCHEN, ETC.

CHECK BELOW STRUCTURAL PARTS ON WHICH WORK NEEDS TO BE DONE

CHECK BELOW THE KIND
OF WORK REQUIRED

REMARKS:

IN THIS COLUMN LIST THE STRUCTURE, OR THAT FUNCTION- AL PART OF THE STRUCTURE ON WHICH WORK NEEDS TO BE DONE. Ex: BARN; KITCHEN, ETC.	OF WORK REQUIRED
FOUNDATIONS; AND PIERS; FRAMING; BRACING; OUTSIDE WALLS; ROOFING; CUTTERS; SPROUTING STEPS; RAILINGS; WINDOWS; DOORS INSIDE WALLS; CEILINGS; FLOORS CHIMNEY YARD; WALKS	REPLACING REINFORCING SPOT-REPAIRING LEVELLING PAVING CLEANING GRADING; DRAINING

EX: BARN;
KITCHEN, ETC.

CHECK IF OK:

CHECK IF OK: () NEEDS:

WATER SYSTEM

SEWAGE DISPOSAL () NEEDS:

ROAD: LANES () NEEDS:

IRRIGATION SYSTEM () NEEDS:

FENCES () NEED:

GATES () NEED:

S. C. S.	PLAN MADE:	YES	NO
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			
56			
57			
58			
59			
60			
61			
62			
63			
64			
65			
66			
67			
68			
69			
70			
71			
72			
73			
74			
75			
76			
77			
78			
79			
80			
81			
82			
83			
84			
85			
86			
87			
88			
89			
90			
91			
92			
93			
94			
95			
96			
97			
98			
99			
100			

SOIL CONSERVATION AND IMPROVEMENT PRACTICES

S. C. S.	PLAN MADE:	YES	NO
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			
56			
57			
58			
59			
60			
61			
62			
63			
64			
65			
66			
67			
68			
69			
70			
71			
72			
73			
74			
75			
76			
77			
78			
79			
80			
81			
82			
83			
84			
85			
86			
87			
88			
89			
90			
91			
92			
93			
94			
95			
96			
97			
98			
99			
100			

PRACTICE	PERFORMANCE TO DATE	YET NEEDED; LOCATION
CONTOURING	ACRES	
BUFFER STRIPS	RODS	
STRIP CROPPING	ACRES	
TERRACING	RODS	

PRACTICE	PERFORMANCE TO DATE	YET NEEDED; LOCATION
GRASS () WATERWAYS	RODS	
PERMANENT GRASS	ACRES	
() TREE PLANTING	ACRES	
FERTILIZER	ACRES	

PRACTICE	PERFORMANCE TO DATE	YET NEEDED; LOCATION
LIME	ACRES	
LEGUME SEEDING	ACRES	
PASTURE IMPROVEMENT	ACRES	
DRAINAGE	ACRES	

I CERTIFY THAT I HAVE READ, OR HAVE HAD EXPLAINED TO ME, THE ABOVE FARM DEVELOPMENT PLAN; THAT I FULLY AGREE WITH ITS PROVISIONS; AND THAT I WILL, UPON RECEIVING A FARM OWNERSHIP LOAN, COMPLETE THE DEVELOPMENT ITEMS IN THE MANNER AND AT THE TIME SPECIFIED, OR IN ACCORDANCE WITH SUCH REVISIONS OF THE ABOVE PLAN AS MAY BE MUTUALLY AGREED UPON BY THE FARM SECURITY ADMINISTRATION AND ME.

WIFE_____
BORROWER

RECOMMENDED: _____

ENGINEER

RECOMMENDED: _____

FSA COUNTY SUPERVISOR

APPROVED _____

FSA DIST. SUPERVISOR

1. Periodic Inspections

The FSA supervisor will make periodic inspections of all development work in progress. Where construction is involved the engineer will make such additional inspections as the nature and character of the work may require.

2. Final Inspections

The FSA supervisor will make a final inspection of immediate farm development within sixty days after all such items have been completed, provided no construction item has exceeded a cash cost of \$500. If any construction item exceeds \$500 the engineer will make the final inspection of all items after conferring with the FSA supervisor regarding the state of any land development.

3. When all immediate farm development has been completed and the engineer's inspection is required, the FSA supervisor will so notify the engineer in writing. At the earliest feasible date, but within sixty days of such notification, the engineer will make a final inspection of all development items not covered by a previous inspection.

4. Final Inspection Reports

Final Inspection Reports will indicate whether all planned work has, or has not, been completed in accordance with the Farm Development Plan, and will describe any discrepancies. A recommendation for overcoming discrepancies will also be included.

The FSA supervisor's final inspection report will be prepared in an original and two copies. The original will be transmitted to the assistant regional director FO or the regional FO chief, one copy to the engineer and one copy to be retained for the borrower's county office docket.

The engineer's final inspection report will be prepared in an original and one copy. The original will be transmitted to the FSA supervisor to be placed in the borrower's county office docket. The copy will be transmitted to the regional engineer who, after posting, will forward it to the Assistant Regional Director, FO, or the Regional FO Chief.

B Work Done By Contract

1. Periodic Inspections

As the work proceeds, the engineer will make necessary periodic inspections to determine whether construction and/or land development work conforms with plans, specifications and change orders and the contractor is conforming to other provisions of the contract.

Where adverse conditions involving plans, specifications, change orders or labor provisions are found at the time of inspection by the engineer, he will report in writing such adverse conditions and his recommended remedial steps to the FSA supervisor. One copy of this report will be transmitted to the assistant regional director FO or the regional FO chief

If the correction of adverse conditions cannot be made by the FSA supervisor, in consultation with the borrower, contractor and engineer, he will report the facts to the assistant regional director FO or the regional FO chief who will determine what corrective steps should be taken.

The FSA supervisor will make such periodic inspections as he and the engineer agree upon. After each inspection the FSA supervisor will make two copies of his inspection report, transmit one copy to the engineer and file one copy in the borrower's county office docket.

2. Final Inspections

The engineer will make a final inspection as soon as possible after the contractor completes the work. A final inspection report addressed to the FSA supervisor, will specifically indicate whether or not the work has conformed to plans, specifications and change orders. Discrepancies, if any, will be described and remedial steps recommended. One copy of this report will be retained by the engineer. One copy will be transmitted to the regional engineer who, after posting, will forward it to the assistant regional director, FO or the regional FO chief.

XIII REAL PROPERTY INSURANCE

A The county supervisor will be responsible for seeing that construction is adequately insured.

Insurance sufficient to protect the Government's interest in all materials for construction will be effective as of the date the materials are delivered to the borrower's farm. This applies to both borrower and contract methods of construction.

Insurance will be requested in accordance with established procedure, FSA Instruction 452.1, Real Property Insurance.

XIV PAYMENTS

A Work Done By the Borrower

1. Payment of Laborers and Material Suppliers:

When insurance has been provided in accordance with Section XIII above and inspection indicates that the work is being satisfactorily performed, the FSA supervisor will countersign checks for the payments of bills for labor and materials as they come in. Supervisors should encourage borrowers to pay obligation promptly.

(a) When checks are made payable to other than the borrower, the FSA supervisor will have in his possession itemized statements covering materials furnished and/or labor performed, or a fully executed offer and acceptance agreements, before countersigning checks.

Statements will be signed by the borrowers as correct and received. Dealer invoices are sufficient to cover materials and equipment. Statements covering labor will show the names of persons hired, dates they worked, number of hours (or days) worked, total hours (days) worked,

rate per hour (or day) and total amount due. All invoices and hired labor statements shall have indicated on them the check number and date paid and then inserted in the borrower's county office docket.

(b) Checks may be made payable to the borrower only when he has expended personal funds in lieu of funds in the supervised bank account because of an emergency situation. The countersigning of such checks will be supported by invoices signed as "paid" by material and equipment dealers, and/or statements of labor, signed as receiving payment by all laborers involved, plus a written certification by the FSA supervisor that he has made a visit to the site of development and is convinced the materials, equipment or labor was furnished. Such invoices, statements and supervisors certification will become a part of the borrower's county office docket.

(c) Whenever the FSA supervisor has reason to believe there may be danger of claims, because of disputes, dissatisfaction or other causes, he will require the borrower to secure one copy of Form FSA-LE 205, "Release by Claimants", before countersigning the check for final payment. The signed Form FSA-LE 205 will be filed in the borrower's county office docket. Form FSA-LE 205 does not need to be notarized when used in this manner. The regional director may, at his discretion, require borrowers to secure a release by claimants in all cases.

B Work Done By Contract

1. Where Form FSA-LE 200, "Performance and Payment Bond", is not used, payment to contractors will be made by one of two methods as follows:

(a) One payment shall be made for contract jobs after the work is finished, inspected and accepted. This payment will be made only at the time the contractor signs a form letter, Form FSA-LE 232, in which he acknowledges payment in full for his services certifies that he has paid for all labor employed and materials purchased by him in performance of his contract and that there are no claims against him because of injuries sustained by his employees; and attaches to this letter completed forms FSA-LE 205, "Release by Claimants", properly notarized. The FSA supervisor will then send this letter and the notarized form FSA-LE 205 to the regional director or his designee, who will examine the letter and transmit it to the borrower's regional docket.

(b) Payments may be made up to 80 per cent of the contract price of any completed major unit which has passed the final inspection by the engineer. When this method is used, payment will be made only when the applicable provisions of paragraph (a) above, such as releases by claimants, etc., have been met with respect to the completed major unit. Form FSA-LE 232 will be signed by the contractor but the form shall indicate only the amount of payment received which shall not be in excess of the 80 per cent permissible. When Form FSA-LE 232 is to be used in this manner as a receipt for partial payments, the regional attorney will be consulted as to the necessary changes in the form prior to the

signature of the contractor, and the regional director will instruct the FSA supervisor to prepare any subsequent forms accordingly.

Final Payments will be made only after the contractor complies with the requirements of Paragraph B 1 (a) above.

2. Where Form FSA-LE 200, "Performance and Payment Bond", is used, partial payments may be made after an inspection report by the engineer indicates that all of the terms of the contract are being complied with. These partial payments may be made up to 90 per cent of the estimated cost of the completed work under contract. Percentage of completion and maximum payment to be determined by the engineer. Final payment will be made to a contractor only when the work is finished, inspected and accepted, at which time the entire amount will be due and payable. Where Form FSA-LE 200 is used Form FSA-LE 232 will be used by the contractor to acknowledge payment in full. Form FSA-LE 205, "Release by Claimants", is not required.

XV SECURING ADDITIONAL FUNDS TO COMPLETE FARM DEVELOPMENT

A Obligated Funds (Deferred Advances) to Complete Farm Development

1. When it becomes practical to proceed with deferred development and disburse all or part of the funds which have been obligated for that purpose, it will be necessary at that time to submit the voucher and note attached to Form FSA 476 to the Regional Office, Attention: FO Section. In the upper right hand corner of Form FSA 476 under "Type of Submission", write the words "Deferred Advance".

2. Upon receipt of the Deferred Advance docket by the Regional FO Section, the regional attorney will be requested to prepare appropriate closing instructions and a new mortgage or deed of trust marked "Deferred Advance". When this is done the voucher will be signed by an authorized regional official and submitted to the Finance Area Office, together with the note and flow sheet. The closing instructions, and the mortgage or deed of trust will be forwarded to the FSA supervisor.

3. Following procedure outlined in FSA Instruction 632.2, VI, D Form FSA-LE 229 will be executed by the regional director. The title of the form will be modified to read "Certificate as to Closing of Tenant Purchase Loan (Deferred Advance)".

B Supplemental Loans to Complete Farm Development

1. Supplemental loans may be approved by the regional director to complete farm development under the following circumstances:

(a) Where an error was made in planning or estimating the original loan.

(b) Where Deferred Farm Development was planned prior to April 6, 1943 but funds have never been advanced or encumbered.

(c) Where funds for planned farm development were advanced prior to April 6, 1943 and were subsequently applied as an extra payment because war restrictions prevented construction.

(d) Where funds for planned farm development were advanced subsequent to April 5, 1943 and a portion of such funds were applied as an extra payment to prevent cumulation of interest unwarranted because of war restrictions preventing construction.

2. Supplemental Loan Docket:

(a) A supplemental loan docket will be submitted to the Regional Office. This docket will contain the following forms: FSA 676 "Transmittal and Flow Sheet"; FSA-LE 190 "Promissory Note"; FSA-FI 15 "Public Voucher"; FSA 491 "County Committees Certification" if required; FSA 643 "Farm Development Plan", if required and a narrative containing pertinent information, explaining conditions as they exist at the time supplemental docket is submitted.

(b) County Committee's Certification:

(1) The amount of the original loan plus the amount of the

proposed supplemental loan must not, of course, exceed the county committee's certification of the reasonable value of the farm, and the copy of the certification on file in the county office will be examined to determine whether the combined original and supplemental loans will exceed the certified reasonable value. If so the supplemental loan must be scaled down so that the certification will not be exceeded or else the loan must not be approved. When justified on the basis of new information on production, yields, and earning capacity of the farm which has become available as a result of its operating history or otherwise a county committee may review and revise its former certification. There must be no unjustifiable raising of former certifications merely to make possible a loan for improvements that may be desired. The revised certification will be marked "supplemental" and in paragraph 6, the amount given must be equal to or more than the amount of the original loan plus the proposed supplemental loan. Paragraphs 7 and 8, the parenthetical material in paragraph 9 and the words "purchase and" appearing in the second line of paragraph 9 will be stricken from the form. In paragraph 9, the amount to be inserted will be the amount of the proposed supplemental loan.

(2) There may be cases in which funds were originally loaned to a borrower to complete all planned development and he was obliged to refund all or a portion of such funds because of wartime restrictions. In these cases the amount of the original loan plus the amount of the proposed supplemental loan will probably exceed the county committee's certification of the reasonable value of the farm. In this event, the amount of the reasonable value stated in the original certification may be repeated in paragraph 6 of the supplemental certification, even though it will not equal the amount of the original loan plus the proposed supplemental loan. However, the following explanatory statement will be inserted as paragraph II on the Certification in all cases in which funds for development have been refunded: "Applicant previously received a loan for Farm and Home Development on _____, 19__ in the amount of \$_____ of which \$_____ was refunded due to wartime restrictions limiting construction. (The date to be entered is the date on which the check was issued).

(3) When a supplemental certification is required, three copies of the Form FSA 491 will be prepared. The original and one copy will be submitted to the area finance office and one copy retained in the county office file.

C Farm Development Plan - Form FSA 643

If the amount of loan funds requested is in excess of the amount shown on the original FSA 643 or if loan funds are for financing items other than those shown on the original FSA 643 a supplemental Farm Development Plan will be prepared and included in the Supplemental Loan Docket.

XVI CONSTRUCTION AND LAND DEVELOPMENT CONTRACTS

A General. For work done by contract the standard contract Form FSA-LE 296 will be used. Modifications in this contract form may be made in the following respects when agreed to by the Assistant Regional Director in charge of F. O., or the Chief of the F. O. Section, and the Regional Attorney and the Regional Engineer

1. Surety Bonds. In cases where it has been determined that the provision requiring the contractor to furnish security bonds will prevent otherwise qualified local contractors from bidding on the work then this provision may be waived and the contract so modified.

2. Insurance Provisions. In cases where it has been determined that the provision requiring the contractor to carry adequate workmen's compensation and employee's liability insurance for all labor employed on the job will prevent qualified local contractors from bidding on the work, then this provision may be waived and the contract so modified.

The waiver of this provision in the contract cannot exempt the contractor from any requirement imposed by workmen's compensation laws of the state wherein the work is to be performed.

B Preparation of Bid Docket

1. The engineer will prepare the bid docket for use by bidders. This docket will include such items as the bid form, invitation to bid, instruction to bidders, contract form, technical specifications and drawings.

2. The contract form will contain all essential provisions and features of the contract except the date, the contractor's name and address, consideration and signatures.

C Invitation to Bid

1. The county FSA supervisor, with the assistance of the engineer will secure at least three bids, if possible, from qualified contractors. Each bidder will be supplied with a bid docket.

D Bid Opening

1. Bids will be opened at the time and place designated in the invitation to bid. The borrower and the county FSA supervisor must be, and the engineer should be present when the bids are opened and tabulated.

E Awarding the Contract

1. The borrower, with the approval of the FSA supervisor and engineer, will make the award to the lowest acceptable bidder. At the discretion of the regional director the approval of the engineer may be secured by letter.

2. After the award has been made, the FSA supervisor will prepare an original and four copies of the contract form for signatures by filling in the date, contractor's name and address and the consideration. The original, first and second copies will be signed by the contractor.

3. The FSA supervisor will complete the contract form by securing the borrower's signature on the original and two copies, and will issue notice to the contractor to proceed; provided all of the following conditions have been met:

(a) The borrower has secured title to the property upon which the proposed construction and/or land development is to be done and has executed and recorded a mortgage thereon to the United States, and

(b) The cost of all items in any one category, namely dwelling, other construction, land development, will not exceed the estimate made for the same category on Form FSA 643, Part I by more than 10 per cent. (In determining amount of the 10 per cent use comparable figures, for example, if it is the immediately essential part of a dwelling which is being built, use Immediately Essential Estimated Costs (Col. 3) FSA 643 as the base for calculation. If it is deferred construction use Estimate Deferred Development Costs. If 10 per cent is exceeded request authority to award the contract from district supervisor.) and

(c) The total cost of all Immediately Essential Development (or Deferred Development, as the case may be) will not exceed the total estimated cost of such items on Form FSA 643, "Total Estimated Cash Cost of Development" Column (3) (or Col. 6) and

(d) All construction and land development will be completed in accordance with the Farm Development Plan, and

(e) The cost of construction and/or land development is within War Production Board limitations or authorizations, and/or within the imposed limitations or authorizations of WPB's delegates, and

(f) Workmen's compensation and Employees' Liability Insurance Certificates from the contractor, if required, have been received in accordance with paragraph F below.

(g) Insurance has been secured in accordance with section XIII of this instruction and FSA Instruction 452.1, "Real Property Insurance".

4. The original and two copies of the executed contract will be distributed as follows: Original for the regional office; one copy to the borrower; and one copy to the contractor. The third copy will be inserted in the borrower's county office docket and the fourth copy will be transmitted to the engineer.

The regional office copy must be transmitted promptly for review by the regional attorney, regional engineer, and a representative of the FO Division. Regional officials will take necessary steps to correct any errors of execution.

F Insurance Certificates

1. For cases in which workmen's compensation or employers' liability insurance is required the FSA supervisor will, prior to issuing notice to proceed, require the contractor to deliver three copies of the insurance Certificates. The FSA supervisor will send one copy to the regional office, retain the second copy in the borrower's county office docket and give the third copy to the borrower.

G Subcontracts

1. If the contractor wishes to enter into agreements with subcontractors for any work it must be done with the written consent of the FSA supervisor, as representative, and the written approval of the engineer. No representative of the FSA will approve subcontracts for labor only.

(a) Before approval of any subcontract the FSA supervisor and engineer will determine that the subcontract contains the following provisions:

(1) That the subcontractors will comply with the terms of the "Construction Contract" between the contractor and the owner and with all of its general conditions, including payment of not less than the minimum wages specified in the construction contract.

(2) That the contractor will have the same powers regarding the termination of the subcontract that the owner may exercise under his "Construction Contract".

2. Two copies of the approved subcontract will be furnished the FSA supervisor by the contractor. One copy shall be submitted to the regional office; the second copy will be inserted in the borrower's county office docket. The subcontractor will furnish his weekly payroll in accordance with paragraph H below.

H. Payrolls

1. In compliance with the requirements of the "kick-back statute", the contractor and any subcontractor will submit each week to the FSA supervisor an original and one copy of his payroll for the previous week on Form FSA-173 "Weekly Payroll". The statement of compliance with the "kick-back statute" as stated on the back of Form FSA 173 A must be sworn to by the contractor or subcontractor. The original copy of Form FSA 173 A will be transmitted to the regional office and the copy inserted in the borrower's county office docket.

2. When a borrower hires a person to furnish labor (as a carpenter, painter, etc.) under the lump sum agreement price, and the person so hired employs additional labor to help him, weekly payrolls covering only the additional labor will be prepared as required in paragraph 1, above.

3. Written authorization covering permission for work in excess of the specified hourly limitations may be issued by the FSA supervisor, as FSA representative, in cases of true emergency, upon the basis of an actual finding of fact made by the FSA supervisor and set forth in detail in the written authorization. In general, permission will not be granted for an increase in hours when employment of additional workers to perform the extra work is possible.

4. All written authorization to exceed the prescribed hours of work will contain the provisions that payment for all excess hours must be made at one and one-half times the actual rates at which the employees are normally employed. A copy of each authorization will be provided for the borrower's county office docket and the regional office.

I. Performance and Payment Bond

1. When contractors bidding on contracts for recipients of FO loans furnish FSA-LE 200, "Performance and Payment Bond", of this instruction, the bonds will, if practicable, be obtained from surety companies licensed to do business in the state and listed as holding certificates of authority from U. S. Treasury Department or acceptable sureties on federal bonds.

2. If no such approved company is represented in the same town or city as the bidder and it is inexpedient to deal with an approved company in another town or city, acceptance of a bond from a financially responsible surety company which is licensed to do business in the state but which is not on the Treasury Department's approved list may be authorized by the regional director.

MAINTAINING, REPAIRING AND INSPECTING
FO FARMS

I SCOPE: This instruction prescribes the methods to be used in making recurrent inspections and reporting the condition of FO farms. Methods for furthering maintenance and repair work on FO farms are also included.

II FSA POLICY REGARDING MAINTENANCE OF FO FARMS: It is the policy of the Farm Security Administration to encourage FO borrowers to keep their farms in such a state of maintenance that they may be operated year after year as efficient, productive units, capable of supporting average farm families according to acceptable living standards. This policy includes keeping farmsteads and their surroundings orderly and attractive, reflecting pride of ownership of the families. It also includes the adoption by the families of farm and home maintenance practices that contribute to healthy family life, accident and loss prevention, livestock sanitation and the adequate care and protection of equipment and produce.

III RESPONSIBILITIES: The Assistant Regional Director, FO, or the Regional FO Chief will be responsible for a program of maintenance applied to FO farms under his supervision. As determined by inspections and adherence to FSA policy, he will provide such basic training for FSA personnel and borrowers as is appropriate to achieve well kept, productive farms. In case of flagrant misuse of FO real property, the regional director will take such actions as are within his prerogative to correct this position.

IV INSPECTION OF FO FARMS:

A FSA supervisors and their assistants, on regular supervisory visits throughout the year, will make inspections of real property on FO units under their supervision.

FO units on which borrowers have demonstrated that they are adequately maintaining their properties need not be inspected in accordance with this instruction. Form FSA ____ "Annual Inspection Check-Sheet" will be used to record the maintenance and repair items found to be necessary on each farm inspected.

B A complete inspection covering land, structures and other pertinent items listed on the check sheet should be made with the borrower. Plans should be made for necessary repairs and improvements taking into consideration unexpended balance income, borrower's available time and the contribution that such work will make to net income, health of the family or livestock, or attractiveness of the farm. If a conservation plan of farm management has been prepared by the Soil Conservation Service this should be reviewed at the time of inspection to determine the progress made toward its fulfillment.

C The supervisor should conclude the inspection by reviewing with the borrower the inspection findings and together weigh each item as to its urgency or importance. A brief memorandum of agreement should then be prepared by the supervisor listing the items mutually agreed upon to be undertaken during the next 12 months, the cash cost of such items, and the planned completion dates. The original copy of the memorandum will be left with the borrower and a carbon copy will be filed in the borrower's field folder for use by the supervisor on subsequent regular visits during the year.

D It is desirable, where difficult problem cases exist, that one or more members of the county FSA committee accompany the supervisor and borrower on such inspections.

V

FORM FSA "ANNUAL INSPECTION CHECK SHEET"

A This form will be used to record the findings of each inspection. It is designed for recording information quickly and accurately that can be used by FSA personnel: (1) as a guide to farm maintenance supervision; (2) to develop a realistic training program; (3) to develop educational material, instructions and other practical information, particularly adapted to the needs of small groups of borrowers, and (4) in the preparation of reports regarding the condition of FO farms and the borrowers' yearly accomplishments.

B The check sheet will reflect simultaneously the adverse conditions on the farm as well as any recommended improvements, at the time of inspection. All work will be shown on the check necessary to make existing permanent structures and use of land conform to FO standards of construction and land development, even though the borrower may not be able to finish the work within the next 12 months.

Since each inspection is complete any unfinished work listed on the previous year's check sheet will usually appear on the new check sheet in addition to new work. Such "carry over" items involving structures will be identified by placing the letters "co" at the left side of the "remarks" column.

C Two copies of Form will be prepared, one to be used by the FSA supervisor and retained in the borrower's field folder, the other to be transmitted to the regional engineer.

D At the time of the second annual inspection and every inspection thereafter, the supervisor will remove the previous year's check sheet from the field folder and draw a line through each job that has been completed during the year. It will then be attached to the regional engineer's copy of the new check sheet, both copies being transmitted to the regional engineer.

E Completing the Annual Inspection Check Sheet

1. In the upper left corner of the Form, insert the case number, check the type of loan, indicate the calendar year the loan was closed and the name of the inspector.

2. In the upper right corner, fill in the borrower's name and address; name of county and state, and the date of the inspection.

3. Farm Structures Table:

In the extreme left column list the structure, or that functional part of a structure on which maintenance or repair work needs to be done. Use a word or two that describes the location of the work to be done as accurately as possible. For example: If the entire house needs painting, use the word "House". In many cases, however, words like "porch", or "kitchen" will indicate "house" and at the same time localize the work area.

In checking the structural part of a building and the kind of work it needs, be sure to use the same check-symbol so that the two may be identified together. For example: If a house needs new roofing, use the check-symbol (✓) in the "roofing" column and the same symbol (✓) in the "replacing" column. In case the house steps need replacing, use the symbol (✓) in the "steps" column also. However, if the steps need painting only, place a symbol x in the "steps" column and the same symbol x in the "painting" column. By this method what needs replacing and what needs painting can be distinguished.

Still more refinement may be secured by using the first letter, or the first two letters, of the structural part instead of a check-symbol. For example, in the "step" column, "railings" and "ladders" are also mentioned. By using the letter S in the "steps" column and the letter S in the painting column, it is made clear that it is the steps that need painting.

The use of letters and check-symbols will usually convey the desired information. However, use space under "remarks" to clarify any work difficult to check. Do not attempt to indicate more than two or three jobs on the same structure on one line. If necessary, "ditto" the name of the structure and use a second line.

Do not defeat the purpose of the check sheet by too detailed checking. Include the important items that have a bearing on the welfare of the family, efficient farming operations and the value of the farm.

4. Water system, sewage disposal, etc.:

If items meet FO standards, check as satisfactory. Record any work on permanent items to be done to bring them up to standard.

5. Soil Conservation and Improvement Practices:

Indicate by a check-symbol after "yes" or "no" whether a conservation plan of farm management has been made by the Soil Conservation Service.

Under "yet needed, location" indicate the amount of planned development or improvements yet to be done plus any additional work of like nature needed. Specify that portion of the farm on which work is yet to be done by inserting the field number or some other brief form of identification.

VI REPORTING THE CONDITION OF FO FARMS:

From information secured by analysis of check sheets, the regional engineer will prepare annually, a composite Maintenance Progress report summarizing the condition of FO farms within the region, borrowers' accomplishments within the year, and such other pertinent information as the assistant regional director FO or the regional FO chief may request. This report will be submitted to the assistant regional director FO or the regional FO chief.

VII MAINTENANCE TRAINING:

Each county and district supervisor will be trained to thoroughly understand FO minimum standards; to skillfully inspect farms and complete the check sheets; to make effective use of this knowledge in his supervisory activities, and to secure the cooperation of borrowers in getting the work properly done.

VIII FOLLOW-UP:

A The assistant regional director, FO, or the regional FO chief, with the assistance of the regional engineer will maintain a vigilant follow-up of farm development and maintenance activities.

B Such pamphlets, charts, instructions and drawings will be prepared by regional personnel as are appropriate to convey educational information to borrowers. The need for this type of material and the subject matter may be determined by analyses of maintenance check sheets.

C The maintenance check-sheet will be reviewed at the time of the borrower's annual check-out. Provision should be made in the plan for adequately financing essential work. A study of the check sheet should reveal whether funds expended for "Building and fence repair and land upkeep" as itemized on the "Annual income return" are sufficient to maintain the farm according to FO standards.

D If a borrower's income over a period of several years is not sufficient to cover costs of family living, fixed obligations and operating including an adequate amount for farm maintenance, exploitation of the farm is inevitable. Such cases should be investigated thoroughly to determine, if possible, a practical way to secure an increase in volume of business, improve the quality of products and reduce costs.

and the other is the same as the first, but the
second is the same as the first, but the
third is the same as the first, but the
fourth is the same as the first, but the
fifth is the same as the first, but the

and the other is the same as the first, but the
second is the same as the first, but the
third is the same as the first, but the
fourth is the same as the first, but the
fifth is the same as the first, but the